

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2020-\_\_-WS**

IN RE: Joint Application for Approval of  
the Sale of Assets and Transfer of  
Facilities, Territory and Certificate of  
Public Convenience and Necessity from  
CUC, Incorporated to South Carolina  
Water Utilities, Inc. – CUC, Inc.

**APPLICATION**

CUC, Incorporated (“CUC”) and South Carolina Water Utilities-CUC, Inc. (“SCWU-CUC”) (collectively, the “Joint Applicants”), pursuant to 26 S.C. Code Regs. 103-504 and 103-704, and other applicable rules and regulations, jointly apply to the Public Service Commission of South Carolina (“Commission”) for approval of a sale of assets, including water and sewer facilities, territories, and certificates of public convenience and necessity, from CUC to SCWU-CUC (“Application”). In support of this Application, the Joint Applicants respectfully show unto the Commission:

1. CUC is a South Carolina corporation that owns and operates a water and wastewater utility in Beaufort County.
2. CUC is a “public utility” as defined in S.C. Code Ann. §58-5-10(4), providing water and sewer service to the public for compensation in certain areas of South Carolina.
3. CUC’s current schedule of rates and charges was approved by this Commission in Order No. 2020-94, dated February 27, 2020, Docket No. 2019-64-WS.
4. CUC serves the Callawassie Island, Spring Island, and Chechessee Bluff

residential subdivisions in Beaufort County. CUC also serves a limited number of commercial establishments.

5. SCWU-CUC is a corporation, duly organized and existing under the laws of the State of Delaware and is authorized to do business in the State of South Carolina. SouthWest Water Company ("SouthWest Water"), a Delaware limited liability company, owns 100% of SCWU-CUC. On a consolidated basis, SouthWest Water operates water and sewer utility systems serving approximately 156,000 connections in five states. Additionally, SouthWest Water indirectly owns Kiawah Island Utility, Inc., a public utility providing water and sewer service to approximately 4,174 water and 3,627 wastewater customer connections in Charleston County, and South Carolina Water Utilities, Inc., which serves approximately 420 water and 724 wastewater customers in Beaufort County. A copy of SCWU-CUC's articles of incorporation and a certificate of good standing in South Carolina are attached hereto and incorporated herein by this reference as Exhibit A.

6. Joint Applicants seek expedited approval of this Application and a waiver of any requirement for a formal hearing if, after notice, no substantial opposition arises therefrom.

7. All communications or inquiries regarding this Application should be directed to:

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Brian D. Bahr  
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Mrs. Susan B. Mikell  
President, CUC, Incorporated  
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8. The Joint Applicants have entered into an asset purchase agreement (the “Agreement”) dated September 1, 2020, whereby SCWU-CUC will acquire the water and sewer systems, service territories, personal and business property, real property, easements, governmental authorizations (including the certificates of public convenience and necessity issued to CUC by the Commission, National Pollutant Discharge Elimination System permits, and other permits), and certain other property necessary for the operation of the CUC water and sewer systems. A redacted copy of the Agreement is attached and incorporated herein by reference as Exhibit B. The Joint Applicants are filing a confidential copy of the Agreement under seal with a motion for confidential treatment.

9. The Joint Applicants submit that the sale of assets from CUC to SCWU-CUC is in the public interest. CUC no longer wishes to own the utility, and SCWU-CUC is a willing buyer with the financial resources to effect the transaction. The public interest is served by having utility ownership committed to operating the utility and investing the necessary capital required for sustainable, efficient operation. Customers will not be materially affected by the transaction, and the transition of the utility ownership will be carefully managed so any inconvenience to customers is minimal.

10. The Joint Applicants have held multiple meetings with board members for both Callawassie and Spring Island Property Owners Associations. During these meetings, the Joint Applicants answered questions, explained the transition process, and addressed all concerns from the Associations.

11. The Callawassie Island Property Owners Association and the Spring Island Property Owners Association each declined to exercise their right of first refusal after CUC entered into the Agreement with SCWU-CUC. Executed copies of these agreements between the Joint Applicants and the Associations are attached to this Application as Exhibit C and Exhibit D.

12. Approval of the Application will not result in any change in current rates or fees charged to current CUC customers. Unless and until a rate adjustment or other rate schedule modification is approved by the Commission, SCWU-CUC will operate the subject water and sewer systems under their current schedule of rates and charges approved by this Commission for CUC. SCWU-CUC will provide customers service enhancements such as online billing, a company website, and the option of paying with a credit card.

13. If this Application is granted, all of CUC's water and sewer customers will become customers of SCWU-CUC; CUC will discontinue the provision of water and sewer service to the public, and will no longer have authorized service territories or the related certificates of public convenience and necessity approved by this Commission. Further, if the Application is granted, the service area authorized to SCWU-CUC would be as set forth in the description attached and incorporated herein by reference as Exhibit "E". This service territory was approved by the Commission in Order No. 85-596, dated July 15, 1985, Docket No. 84-424-WS, and Order No. 1993-399, dated April 30, 1993, Docket No. 93-250-WS.

14. SCWU-CUC will post performance bonds for both water and wastewater as

required by S.C. Code Reg. 103-512.3 and 103-712.3.

15. Closing of the Agreement is expressly contingent upon Joint Applicants obtaining the approval of the Commission for the sale of the assets of CUC to SCWU-CUC. No transfer of any assets has occurred, nor shall any such transfer occur, unless and until such approval is obtained.

16. Based upon the foregoing, it is in the public interest that the Agreement be approved.

WHEREFORE, the Joint Applicants respectfully request that the Commission take the following action:

A. Approve the sale of the assets used to serve the customers of CUC, including the transfer of water and sewer systems, territory, certificates, permits, powers, and privileges, from CUC to SCWU-CUC;

B. Permit SCWU-CUC to operate the water and sewer systems currently owned and operated by CUC under the schedules of rates and charges approved for them by this Commission, and

C. For such other and further relief as this Commission deems just and proper.

Respectfully submitted,

*Charles Terreni*

Date: *September 4, 2020*

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